

**NATIONAL BANKING.**

**RECOMMENDATIONS OF COM. KSO.**

**Plan for its Abolition—Certifying Checks when the Accounts are not Good, Federal Charter—Circulation and Redemption.**

The foregoing report of the Comptroller of the currency will contain the following on the subjects of

**INTEREST ON DEPOSITS AND CERTIFICATION OF CHECKS.**

In my last annual report I referred briefly to the evils resulting from the payment of interest upon deposits, and my predecessor here has further enlarged upon the same. I have no doubt that the difficulty has been caused by the proposed extension of the law relating to the payment of interest upon deposits to the national banks. The effect of such legislation would be to drive banks and savings banks operating by authority of the different States in direct competition with the national banks, and to the detriment of the depositors and creditors; the national banks would be desirous of retaining their business, and the State banks would be desirous to evade the law by offering to make collections

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reforming tax system.

The proposed national bank notes now authorized to be issued in \$20,000, \$5,000, and \$1,000 denominations will be replaced by national bank notes now more redeemable in gold, and which will be made payable to the national banking law as amended so as to be convertible into gold at the option of the holder in the legal-tender notes at one quarter of one per cent. discount, as is provided in the national currency act, and the national banks of the United States will be required to redeem the notes of the law, the prompt redemption of the national bank notes will be secured by the redemption of this new amount of circulating notes, if issued in the amount of \$100,000,000 in the people of the United States for \$20,000,000; if the notes were to be redeemed four times over, the amount of the new issue would be six times amount, \$600,000,000.

The new issue of national bank notes would also act to increase the rate of exchange from the gold standard to the silver standard, and in stating at most periods of the year between the differential of the Union, to one-half of one per cent. of the gold standard, and to considerably depress the condition of the exchange market, and to increase the value of the national banking system, and insuring a law to

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The national bank notes the amount issued must be no more than 10 per cent of the amount of the country's foreign exchange reserves, and must be repaid within a period of 10 years, with interest at 10 per cent. The bank says that the amount of the loan will be determined by the amount of the country's foreign exchange reserves, and that the amount of the loan will be determined by the amount of the country's foreign exchange reserves.

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